

BUDGET LETTER

SUBJECT: ADDITIONAL INFORMATION FOR CAPITAL OUTLAY FIVE-YEAR INFRASTRUCTURE PLAN BUDGET SUBMISSION AND CAPITAL OUTLAY BASELINE BUDGET ADJUSTMENTS FOR 2016-17	NUMBER: 15-17 DATE ISSUED: August 19, 2015
REFERENCES: STATE ADMINISTRATIVE MANUAL SEC 6821, ET. SEQ. AND AB 1473 (CHAPTER 606, STATUTES OF 1999)	SUPERSEDES: BL 14-20

TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Budget Officers are requested to forward a copy of this Budget Letter to the Department's Facilities Manager as well as program personnel with capital outlay infrastructure needs.

Deadlines and Deliverables	
September 11, 2015	Departments update FI\$Cal (Hyperion) or submit Past Year, Current Year, and Budget Year baseline budget adjustments to their respective Department of Finance (Finance) Capital Outlay budget analyst.
October 1, 2015	Deferred Maintenance information due to the Capital Outlay Finance budget analyst.

This Budget Letter (BL) provides information related to Executive Order B-30-15 and due dates for submitting deferred maintenance information to supplement department Five-Year Infrastructure Plans. In addition, this BL provides instructions for updating capital outlay baseline adjustments and the capital outlay specific rules for the FI\$Cal rollover plan.

As a reminder, Major COBCPs; detailed Minor COBCPs and a summary Minor COBCP, if applicable; and Five-Year Infrastructure Plans were due by **August 3, 2015**, as indicated in BL 15-05. Deferred maintenance information is due by **October 1, 2015**.

Confidentiality: Until release of the Governor's Budget, please remember that all information contained in the approved budget documents used during the Governor's Budget development process is strictly confidential.

1. 2016-17 Five-Year Infrastructure Plans

Executive Order B-30-15 — Climate Change: The Governor issued Executive Order (EO) B-30-15, establishing the most ambitious greenhouse gas reduction target in North America and specifying comprehensive steps for consideration of climate impacts. The EO requires all state agencies to consider the impacts of climate change in all planning and investment activities, including capital outlay projects.

As a first step in this effort, the Strategic Growth Council (SGC), the Governor's Office of Planning and Research, Finance, and the Natural Resources Agency, will be meeting with Agency Secretaries and departments who do not report to an Agency to discuss how the administration plans to advance various directives stated in the EO. The Governor's Office of Planning and Research is establishing a

technical advisory group to help state agencies incorporate climate change impacts into all planning and investment decisions, including those that are outside the scope of the 2015 Infrastructure Plan.

2. Deferred Maintenance

The 2014 and 2015 Infrastructure Plans highlighted the state's deferred maintenance needs that are traditionally funded as part of a department's operations budget. The 2015 Infrastructure Plan estimated the statewide deferred maintenance need to be over \$66 billion and proposed \$125 million of funding towards this need. The 2015 Budget Act provided funding for deferred maintenance, primarily through Control Section 6.10, totaling \$125 million. The 2016 Infrastructure Plan will update the deferred maintenance need.

Departments are required to provide a detailed list of their updated identified deferred maintenance need, if one exists, to their Capital Outlay Finance budget analyst by **October 1, 2015**. The list should include the following information: department name, project location, project title/description, and estimated project cost. To the extent possible, the projects should be in priority order. This information should be submitted as an Excel file using the Deferred Maintenance Project List template provided as Attachment 1. This template is available on the Finance website at:

<http://www.dof.ca.gov/Budgeting/Forms/view.php>

Please note that the identified deferred maintenance needs of each department must be reviewed and approved by their respective agencies prior to submittal to Finance.

3. Submittal of Baseline Budget Adjustments

Wave 1 and 2 departments will provide all necessary capital outlay budget information directly in Hyperion by keying the data in the system.

All non-Wave 1 and 2 departments will provide baseline budget adjustments to their respective Capital Outlay Finance budget analyst by September 11, 2015, so that the adjustments can be entered in the system on the department's behalf. Capital Outlay Finance budget analysts will be providing departments with the Past Year and Current Year current service level (CSL) information in the system to assist departments with their adjustments. Capital Outlay Finance budget analysts will also be providing departments with a blank Budget Year document to record necessary carryovers from Current Year and additional instruction on the method for submitting their adjustments back to their respective Capital Outlay Finance budget analyst. Baseline budget adjustments do not include requests for new legislative authority. Requests for reappropriations and new project authority requested via COBCPs should not be included in baseline adjustments submitted by departments, as they were due by August 3, 2015.

Baseline Budget Adjustments include:

- Project Establishment for projects authorized outside of the Budget Act, as appropriate.
- Augmentation
 - per Government Code Sections 16352, 16409, and 16354
 - per Government Code Sections 13332.11(e), 16352, and 16409
- Reversion
 - per Government Code Sections 16351, 16351.5, and 16408
 - per Item (enter number), Budget Act of 20XX
- Increase Within Appropriation
- Carryover/Reappropriation Adjustment

- Miscellaneous Baseline Adjustment
 - per XXXX Code Section XXXXX
 - as amended by Chapter XX, Statutes of 20XX
 - revised expenditure authority per Provision X, Item (enter number), Budget Act of 20XX
 - budget adjustment for federal funds
 - Section X.XX budget adjustment (to be used for new Budget Act control section adjustments)

4. Capital Outlay Rules for the Rollover Plan

Below are detailed rules for capital outlay data that was rolled over from the 2015-16 budget:

2014-15 fiscal year—All approved Budget Requests (BRs) were retained individually as well as the current CSL from the 2015-16 budget cycle (not consolidated) and rolled into the next budget cycle and became the Past Year amounts. This will provide the individual detail adjustments needed for display in the Governor's Budget. The 2016-17 Governor's Budget will ultimately include adjustments made in the fall budget preparation process.

2015-16 fiscal year—All individual approved BRs from the 2015-16 budget cycle were consolidated and added to the current CSL to create the new CSL amount for 2015-16 (the Current Year for the 2016-17 budget cycle). Consolidation was made for each unique combination of Item-Enactment Year (ENY)-Program-Phase.

2016-17 through 2020-21 fiscal years—The CSL will be zero and all amounts will be populated based on the individual BRs that are entered into the system for COBCPs, COCPs, and baseline budget adjustments.

See BL 15-06 for additional rollover information not specific to capital outlay.

If you have any questions, please contact your Capital Outlay Finance budget analyst at (916) 445-9694.

/s/ Karen Finn

Karen Finn
Program Budget Manager

Attachment

Department Name

[illegible]

Deferred Maintenance Project List Template Instructions:

Deferred maintenance projects should be listed in priority order and should include the following:

- **Facility Location:** Should include the facility/district/unit name and address, and should NOT include acronyms.
- **Project Title:** Should include a meaningful description of the deferred maintenance project.
- **Estimated Cost:** Estimated project cost.

An electronic copy of the this template can be found at: <http://www.dof.ca.gov/budgeting/forms/view.php>